

Required

The Demand Letter is required on all purchases
A preformatted [written demand letter](#) is offered on our website

The demand letter **must** include the following components:

- A formal statement of demand from lender asking SBA to purchase the loan
- The principal balance to be purchased:\$
- Date of last interest payment
- Next installment due date:
- Monthly payment amount:\$
- Rate of interest at time of default: %
- Loan maturity date:
- Sold in secondary market: Yes/No
- If yes, will or did the lender purchase from Colson?
- Expenses you are claiming (include supplemental documentation):
 - Legal:
 - Non-Legal:

This page and all the following Tab Pages were designed to be used along with your Loan Authorization and a current version of the Checklist to construct your purchase request package. Current versions of the [Tab Pages](#) and [Checklist](#) can be found in our Forms Library at:

<http://www.sba.gov/aboutsba/sbaprograms/elending/ngpc/forms/index.html>

Required

Use SBA preformatted [wire transfer form](#)

The following information **must** be included:

- Verify if wire instructions are for a wire transfer (payment over \$5000) or an ACH, or Automated Clearing House (payment under \$5000).
- If instructions are for an ACH, please include the account type (i.e., savings/ checking).
- ABA (American Bankers Association) or the routing number.
- Account # into which payment will be distributed (should include no letters or spaces).
- Clarify who ending payee is (for example, if transfer is being routed through another bank).
- Include any other relevant additional information.

Required

The certified transcript of account is a document which accounts for the disbursement of loan proceeds and applications of payments

SBA ([Form 1149](#)) Certified Transcript of Account

SBA form 1149 is the Agency's preferred Transcript of Account format. All transcripts of account must contain the following:

1. SBA loan name and 10 digit loan number.
2. Method used for interest computation (360 day or 365 day). SBA calculates interest based on 365 days.
3. Date and amount of each disbursement.
4. Date and amount of each payment showing principal and interest applications.
5. Show interest From and To dates for each payment application.
6. Date interest rate changes occur.
7. Next payment due date (defined as the "default date").
8. If applicable, amount of Lender's successful bid at foreclosure sale (reflected on the transcript as a credit to the principal balance).
9. With the exception of loans sold on the secondary market, lenders may deduct up to 120 days of interest from liquidation proceeds which then should be shown on the transcript of account.

All transcripts must be certified, signed and dated.

Required

The [loan authorization](#) contains the terms and conditions the lender **must meet** in order to validate the SBA Guaranty

The Loan Authorization is the most important document in your purchase package request. If your purchase request contains evidence that you have complied with all of the requirements of the loan authorization, your purchase should be processed without problem or delay.

Required

This form **must be** completed in connection with a loan application if:

1) The Applicant has paid (or will be paying) compensation to an Agent

Or

2) If the Lender has (or will be paying) a referral fee.

There must be a completed Agreement for each Agent compensated by the Applicant. If the certifications are made by a legal entity other than an individual (e.g., corporation, limited liability company), execution of the certification must be in the legal entity's name by a duly authorized officer or other representative of the entity; if by a partnership, execution of the certification must be in the partnership's name by a general partner. **If the total compensation exceeds \$2,500, the compensation must be itemized.**

Required

This note form and all its requirements **are mandatory for all loans** including payments and Deferments.

Required

This [settlement sheet](#) and all its requirements are mandatory for disbursements on all loans

A key element in the review process is determining that loan proceeds were used in accordance with the loan authorization.

For each disbursement, a separate SBA Form 1050 (Settlement Sheet) is required. It must be signed by lender and borrower.

Disbursements should correspond to entries on [SBA Form 1149:Lender's Transcript of Account.](#)

Documentary evidence (copies of the cleared joint payee checks, bills of sale, and paid invoices as applicable) for each disbursement must be attached to each Settlement Sheet (SBA Form 1050) in an orderly manner. Include totals for each Disbursement category.
[Settlement Sheet \(SBA Form 1050\)](#)

Refer to loan authorization, required forms, use of proceeds for usage of settlement sheets.

Required

If a lien on personal property is required in the Loan Authorization a Security Agreement is required.

Use of [SBA Form 1059](#) is optional.

Refer to the loan authorization, Collateral Conditions, to see if a security agreement is required.

If a lien on personal property is required in the Loan Authorization, a recorded UCC financing statement is required.

Refer to the loan authorization, Collateral Conditions, to see if a UCC Financing Statement is required.

Is this section required based on your Loan Authorization?

YES ☐ NO ☐

If Loan Authorization requires this and you are not providing please attach comments explaining why.

If the lien on personal property interest is to remain in force for longer than 5 years, a continuation statement **must** be filed prior to expiration of the original filing.

Is this section required based on your Loan Authorization?

YES ☐ NO ☐

If Loan Authorization requires this and you are not providing please attach comments explaining why.

When the collateral is located in leased premises, a landlord subordination/ waiver **is required**.

Is this section required based on your Loan Authorization?

YES ☐ NO ☐

If Loan Authorization requires this and you are not providing please attach comments explaining why.

Post default lien searches are provided as evidence that the proper lien position was obtained.

The search must be completed after default.

This search **is mandatory where personal property collateral is required.**

Is a lien on personal property required in the Loan Authorization?

YES ☐ NO ☐

A post default lien search is required and you are not providing please attach comments explaining why.

The **lender must** itemize all original collateral with a minimum collateral value as specified in the loan authorization. Lender must include a brief description and, when applicable, a serial number.

The **lender must** then reconcile the original list of collateral against an updated list of collateral items obtained from the post-default site visit. Any discrepancies between these two lists must be explained.

Refer to the loan authorization, Collateral Conditions, to determine if personal property collateral is required.

Is this section required based on your Loan Authorization?

YES ☐ NO ☐

If Loan Authorization requires this and you are not providing please attach comments explaining why.

As proof of perfection, the lender needs to provide certificate of ownership and/or titles on any vehicles, machinery and equipment (M&E), and manufactured homes with their lien recorded on it.

Refer to loan authorization, Collateral Conditions, to see if titles are required.

Is this section required based on your Loan Authorization?

YES ☐ NO ☐

If Loan Authorization requires this and you are not providing please attach comments explaining why.

Recorded deeds of trust **are mandatory where real property collateral is required.**

A deed of trust is evidence of a lien.

Refer to loan authorization, Collateral Conditions, to see if a recorded deed of trust is required.

Is this section required based on your Loan Authorization?

YES ☐ NO ☐

If Loan Authorization requires this and you are not providing please attach comments explaining why

The title insurance policy and/or attorney's opinion of title provide evidence which determines if the lien is in the proper position as stipulated in the loan authorization.

It is mandatory where real property collateral is required.

Refer to the loan authorization, Collateral Conditions, to see if a real property mortgage is required.

Is this section required based on your Loan Authorization?

YES ☐ NO ☐

If Loan Authorization requires this and you are not providing please attach comments explaining why.

There are two types of guarantees: unconditional and limited.

Use of [SBA form 148](#) is mandatory when a guarantee is required.

Refer to the loan authorization, Collateral Conditions, to see if a guarantee is required.

Is this section required based on your Loan Authorization?

YES ☐ NO ☐

If Loan Authorization requires this and you are not providing please attach comments explaining why.

A guarantor must consent to any material changes to the loan terms.
Evidence of guarantor consent is their written signed concurrence to any modifications.
Review the servicing history to determine if any modifications have occurred.

Is this section required based on your Loan Authorization?

YES ☐ NO ☐

If Loan Authorization requires this and you are not providing please attach comments explaining why.

[Standard Flood Determination Form](#)

Refer to loan authorization, additional conditions, insurance requirements for information regarding standard flood insurance policy or no need determination

Is this section required based on your Loan Authorization?

YES ☐ NO ☐

If Loan Authorization requires this and you are not providing please attach comments explaining why.

A hazard insurance policy is insurance on the physical premises and/or contents of the property.

Refer to loan authorization, “Additional Conditions, Insurance Requirements” to see if hazard insurance is required.

Is this section required based on your Loan Authorization?

YES ☐ NO ☐

If Loan Authorization requires this and you are not providing please attach comments explaining why.

When life insurance is required as a collateral condition, please include a copy of the portion of the policy which shows the insured and the amount.

Refer to loan authorization, Additional Conditions, Insurance Requirements to see if a copy of the life insurance policy is required.

Is this section required based on your Loan Authorization?

YES ☐ NO ☐

If Loan Authorization requires this and you are not providing please attach comments explaining why.

When life insurance is assigned as collateral, the life insurance company must acknowledge the assignment.

When life insurance is required, this assignment is **mandatory**.
Refer to the loan authorization, Collateral Conditions, to see if life insurance is required.

Is this section required based on your Loan Authorization?

YES ☐ NO ☐

If Loan Authorization requires this and you are not providing please attach comments explaining why.

An environmental questionnaire determines if a Phase 1 or Phase 2 audit is needed. Lender needs to complete form during an on-site inspection at origination and prior to pursuing foreclosure when commercial real estate is taken as collateral.

[Environmental Questionnaire Form](#)

Please refer to loan authorization, Collateral Conditions, to see if environmental questionnaire form is required.

Is this section required based on your Loan Authorization?

YES ☐ NO ☐

If Loan Authorization requires this and you are not providing please attach comments explaining why.

If a phase I and/or phase II is required, include the summary and recommendation pages only.

Refer to loan authorization, Collateral Conditions, for information
regarding phase I and/or phase II.

Is this section required based on SBA Standard Operating Procedures
(SOP 50 50 4)?

YES ☐ NO ☐

If a phase I or phase II is required at origination or prior to foreclosure and
you are not providing please attach comments explaining why.

Document containing the terms of the transfer between the seller and the purchaser when loan proceeds are used to finance the purchase of a business

Is this section required based on your Loan Authorization?

YES ☐ NO ☐

If Loan Authorization requires this and you are not providing please attach comments explaining why.

In 1994, SBA began requiring lenders to verify financial information submitted in support of loan applications and/or for the purchase of a business by obtaining a tax transcript directly from IRS.

Lenders must compare the tax transcript with the financial information submitted by applicant and /or seller. Any discrepancies should be resolved prior to disbursement of loan.

You must provide evidence that financial information which was submitted in support of the loan application was verified against tax transcripts obtained from the IRS.

Include the verification received from the IRS in response to your IRS form 4506 inquiry.

Refer to the loan authorization, Additional Requirements, operating information, verification of financial information for further information on IRS income tax verification.

Is this section required based on your Loan Authorization?

YES ☐ NO ☐

If Loan Authorization requires this and you are not providing please attach comments explaining why.

Include the pages showing the terms, lessee, & signature only.

Please refer to the loan authorization, Additional Conditions, operating information to see if the lease agreement is required.

Is this section required based on your Loan Authorization?

YES ☐ NO ☐

If Loan Authorization requires this and you are not providing please attach comments explaining why.

]

When an equity injection is required, the lender **must** provide evidence that cash or assets were injected into the business prior to loan disbursement.

Examples of Evidence:

Paid bills (not invoices)

Processed checks (must show back of check with processing stamp by bank)

Borrower bank statement that shows beginning and ending balance

Settlement Statement

(all evidence should be dated prior to loan disbursement)

Refer to the loan authorization, Additional Conditions, to see if an equity injection is required.

Is this section required based on your Loan Authorization?

YES ☐ NO ☐

If Loan Authorization requires this and you are not providing please attach comments explaining why.

A standby debt agreement is an agreement where a third party lender agrees to postpone collection of a debt with the borrower.

Refer to the loan authorization, Additional Conditions, to see if a standby debt agreement is required.

Is this section required based on your Loan Authorization?

YES ☐ NO ☐

If Loan Authorization requires this and you are not providing please attach comments explaining why.

Include a copy of the appraisal completed both at origination and prior to foreclosure, as appropriate.

Include summary pages only.

Was an appraisal obtained at:

Loan Origination: YES ☐ NO ☐

Loan Liquidation: YES ☐ NO ☐

If you answered NO to either please explain why

If the note has been accelerated and demand for payment has been made, please include the demand correspondence issued to the obligors and all guarantors.

Has the note been accelerated and demand for payment been made?

YES ☐ NO ☐

If answer is yes and you are not providing acceleration and demand correspondence please attach comments explaining why.

Lender **must** include the credit memorandum and supporting documentation from the date of final disbursement on all **early default Preferred Lender Program Loans**.

This includes the credit workup and all supporting documentation which the lender first created to justify the loan. Early default is when the earliest uncured payment occurs within 18 months or less from date of final disbursement.

Is this section required based on an Early Default occurrence?

YES ☐ NO ☐

If a credit memorandum and supportive documents are required and you are not providing please attach comments explaining why.

Required

This form is mandatory on all PLP/SBA Express Loans that have defaulted within 18 months or less from date of disbursement.

Please use SBA ([Form 912](#))

Is this section required based on an Early Default occurrence?

YES ☐ NO ☐

This form is **required** for all loans **originated under the Preferred Lender Program**.

[PLP/ Express Loan Eligibility Form](#)

If loan was originated under the low doc program, the eligibility checklist and supporting documentation **must** be submitted.

The Low Doc program requires lender to liquidate personal property

[SBA Low Doc Eligibility Checklist](#)

Has personal property been liquidated?

YES ☐ NO ☐

If no explain and provide documentation

Required

[SBA Form 1979](#) is used as a liquidation plan format.

Please answer questions 1-7.

Required

Lenders **must** perform site visits within 15 days of an event that would cause the loan to be transferred to in-liquidation status or within 60 days of a payment default.

The site visit should document the lender's efforts to resolve any business problems. Should the lender's efforts be unsuccessful, documentation should be provided outlining the steps taken to protect the lender/ SBA's interest in the collateral.

Was site visit made?

YES ☐

If yes attach report

NO ☐

If no explain why?

If your guarantee purchase request contains reimbursement for legal expenses, you **must** provide itemized legal expenses, including hours per task and charge per hour.

Reimbursement Claimed?

YES ☐ NO ☐

Please include copies of any other legal pleadings. This may include bankruptcy files and court motions.

Documents Included?

YES ☐ NO ☐

Required

If collateral has been sold, please provide itemization of sale prices and expenses and supporting documentation. The net proceeds of the sale must be applied solely against principal.

Proper application of proceeds from sale of collateral should appear on the [Transcript of Account Form 1149.](#)

If collateral has been abandoned, you must provide the basis for the decision to abandon.

Has collateral been sold?

YES ☐ NO ☐

Report of sale attached?

YES ☐ NO ☐

If no explain why

A Wrap Up Report is submitted when the lender has completed all recovery activity. Its purpose is to convey to SBA that all of the collateral has been liquidated or abandoned.

[Wrap Up Report Format](#)

Documents Included?

YES ☐ NO ☐

Required

Section 102 of the Small Business Programs Improvement Act of 1996 requires SBA to report on the performance of its business loan portfolio utilizing a Risk Management Database. To comply with this requirement, SBA must compile statistical data on every business loan SBA makes or guarantees, and must calculate certain key ratios for entry into the database along with collateral information for every loan submitted for purchase. By assisting the underwriting characteristics of each loan at the time of application, SBA may gain significant insight into causes of default. This form is required with all purchase requests.

[Risk Management Database](#)

Was this loan made under the Star Loan Program?

YES ☐ No ☐

If **yes** please attach statement of eligibility or explain its absence.

The complete lenders file is **Required** when the **payment default occurs within 12 months of final disbursement** and **SBA's share exceeds \$250,000**. The complete file must be submitted as a **separate item** apart from the Guaranty Purchase Package

Is the complete lenders file Required?

YES ☐ NO ☐

